

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SSO-00 INRE-00 AGRE-00
CIAE-00 COME-00 EB-08 INR-07 LAB-04 NSAE-00 SP-02
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INFO ALL EC CAPITALS

USMISSION GENEVA

C O N F I D E N T I A L BRUSSELS 15992

USEEC

GENEVA FOR PHELAN

E.O.11652:GDS

TAGS: ETRD, EEC, EPAP

SUBJECT: TEXTILES: EC BILATERAL NEGOTIATIONS

REFS: (A) BRUSSELS 15697; (B) BRUSSELS 15201;

(C) BRUSSELS 15085

1. IN CONVERSATION WITH MISSION OFFICER NOVEMBER 9, EC TEXTILE NEGOTIATOR TRAN VAN THINH EXPRESSED NEARLY COMPLETE CONFIDENCE THAT THE COMMUNITY WOULD HAVE SUCCESSFULLY COMPLETED ITS BILATERAL NEGOTIATIONS BY NOVEMBER 30, WITH THE POSSIBLE EXCEPTION OF HONG KONG. TRAN STATED THAT THE PRESS COMMUNIQUE ISSUED BY THE EC ON NOVEMBER 8 ANNOUNCING THE SUSPENSION "SINE DIE" OF NEGOTIATIONS WITH HONG KONG REPRESENTED A PLAYING OUT OF THE ULTIMATUM GIVEN TO HONG KONG BY THE COMMISSION LAST WEEK (SEE PARA 4 OF REFTEL A).

2. TRAN SAID THAT HE HAD CALLED THE NOVEMBER 4 BRIEFING
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FOR IMPORTING COUNTRIES (AS REPORTED IN REFTEL A) BOTH TO KEEP THOSE COUNTRIES INFORMED OF EC PROGRESS AND ALSO TO CONTINUE TO APPLY PRESSURE TO THE UK. HE IS AIMING BOTH PUBLICLY AND IN EC CIRCLES TO OBLIGE UK TO RECOGNIZE THAT ATTAINMENT OF REDUCTIONS IN IMPORTS WHICH IT IS DEMANDING MAY NOT BE COMPATIBLE WITH CONCLUSION OF AGREEMENTS WITH HONG KONG, OR PERHAPS

INDIA. IF A CRUNCH COMES, HE WANTS THE RECORD TO BE CLEAR THAT IT HAD BEEN UK DEMANDS FOR QUOTA REDUCTIONS WHICH PROVED TO BE BREAKING POINT FOR HONG KONG. HE ADDED THAT, IN THE END, HE EXPECTED THAT INDIA WOULD COME ALONG SINCE THE EC WOULD BE PROVIDING IT WITH REASONABLE GROWTH ABOVE 1976 IMPORTS.

3. TURNING TO OVERALL NEGOTIATIONS, TRAN SAID THAT HE IS NOW SURE THAT HE WILL SUCCEED. TO THE FIVE AGREEMENTS ALREADY CONCLUDED, HE EXPECTS TO ADD FIVE MORE THIS WEEK, FOUR THE WEEK AFTER, INCLUDING KOREA, AND ALL OF THE REST BY THE END OF THE MONTH. TRAN WAS RELUCTANT TO IDENTIFY NAMES OF COUNTRIES, SAYING THAT COUNTRIES WHICH HAVE AGREED ASKED HIM TO MAINTAIN SECRECY AND EXPRESSING CONCERN THAT US OR OTHERS WOULD SEEK TO DISSUADE THOSE ON THE VERGE OF SIGNING UP.

4. HE SAID THAT HIS PRINCIPAL OBJECTIVE REMAINS RENEWAL OF THE MFA AND THE AVOIDANCE OF AUTONOMOUS MEASURES AGAINST ANY TEXTILE EXPORTER. SHOULD HONG KONG HOLD OUT BEYOND NOVEMBER 30, HE PROMISED THAT AUTONOMOUS MEASURES AGAINST IT WOULD NOT GO BELOW THE LEVEL OF 1976 IMPORTS.

5. ON THE SUBJECT OF THE FORMAL AGREEMENTS TO BE SIGNED, TRAN INDICATED THAT THE COMMISSION WOULD BE CONFIDENTIAL

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ABLE TO ACCEPT MUCH OF THE COUNTER DRAFT PRESENTED TO IT BY HONG KONG. HE GAVE MISSION OFFICER A COPY OF THIS COUNTER DRAFT, STATING HOWEVER THAT IT MAY BE SLIGHTLY OUT OF DATE. COPY IS BEING HAND CARRIED TO PHELAN BY MEYERS; COPIES POUCHED TO EUR/RPE CASEY AND STR MICHAEL SMITH. HE ADDED THAT HE THOUGHT COMPLETE AGREEMENTS WOULD ONLY BE SIGNED WITH HONG KONG AND KOREA AND THAT MORE FLEXIBLE INSTRUMENTS WOULD BE CONCLUDED WITH SMALLER SUPPLIERS.

6. ON RULES OF ORIGIN, HE SAID THAT COMMISSION WAS OBTAINING ITS POINT AGAINST MEMBER STATES, NOTABLY ITALY, THAT RULES OF ORIGIN FOR TEXTILES NEEDED TO BE NON-RESTRICTIVE.

7. IN FINAL REMARK, TRAN STATED THAT HE PLANS TO USE THE ADVANTAGE WHICH HE ASSUMES THE COMMISSION WILL GAIN OVER THE MEMBER STATES AT THE END OF THE NEGOTIATING PROCESS BY ELIMINATING THE REMAINING RESIDUAL RESTRICTIONS ON TEXTILES WHICH HAVE NEVER BEEN LIBERALIZED AND PLACED UNDER COMMISSION CONTROL AND WHICH HAVE BEEN NOTIFIED TO THE TEXTILE SURVEILLANCE

BOARD. HE SAID THAT THE COMMISSION WILL MAKE SUCH A PROPOSAL AT THE RIGHT MOMENT AND GAVE MISSION OFFICER A COPY OF A DRAFT EXPLANATORY STATEMENT AND COUNCIL REGULATION (THESE ARE BEING MADE AVAILABLE ALONG WITH HONG KONG PAPER AS INDICATED IN PARA 5).

8. POSSESSION OF HONG KONG DRAFT AND DRAFT OF COMMISSION PROPOSAL SHOULD BE CLOSELY HELD. MORRIS

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Message Attributes

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